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THE WEST LOOKS AHEAD

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THE GREAT INDUSTRY of Western Canada is still the growing of wheat, and that is not the result of a whim of the people who live in Western Canada. The climate of the Prairie Provinces and the soil enable us to produce wheat, by the most modern processes of agriculture, of a quality which, at least for bread-making, is admittedly the highest in the world. There is a steady increase in the production of livestock of all sorts, and that brings with it a tendency to move from wheat production to growing more feed crops. Also, feed grains are produced for sale elsewhere on a large scale. Wheat, however, still remains the central factor in Western Canadian agriculture, and the pivot of the prosperity of the three Prairie Provinces, in which lumbering, mining, manufacturing and fishing are important and expanding industries.

We can talk all we like about the changes in the Western economy, but the Prairies still grow wheat, and the yield of the wheat crop, the ease with which it can be sold, and the prices which it will bring, still mean more to the prosperity of the Prairie Provinces than any other economic factor. It is not too much to say that, in discussing the problems of the Prairie Provinces, and of their agriculture, if we can set up a programme which will meet the situation of the wheat grower, we have done something to solve all the economic problems of the area.

There have been enough books written about the history of Western Canada to fill a small library, and an endless amount of pamphlets and circulars on every possible phase of wheat production and marketing. No one will have the least trouble in turning up an explanation of how wheat is grown and how it is transported and marketed. The cultivation of grain, the old vexed question of the mixing of grades, wheat inspection, Wheat Pools and other experiments in co-operative marketing, the opportunities for Canadian wheat sale abroad, all are subjects on which there is as complete a literature as on any industry of mankind.

It is a fact that the very nature of wheat growing and marketing is such that it is the subject of the most complete and up to date statistics which have been applied to agriculture. Here is an enormous volume of a single grain, with its characteristics of quality very uniform, produced in a comparatively small area, largely to be marketed overseas. Owing to the geography of Canada, its movement will be East to the head of the Lakes, or West to the Pacific, over a network of branch lines of railways, all ending in the main lines of two railway systems.

The physical equipment for handling this crop is admittedly the most completely developed and specialized set of facilities which are in use, any where in the world, for handling a similar commodity on a similar scale. The railways were built to make an outlet for wheat. It is true that railway equipment is standard, but the number and type of motive power units and rolling stock which the railways provide for Western Canada is governed more by the idea of moving wheat than by any other plan.

As for the elevators, country, terminal, and special, they constitute a unique example of high organization of facilities to handle a wheat crop. The wheat growers of other countries complain that the elevator system of Western Canada gives the wheat growers here an advantage over their competitors in any part of the world.

The People Came

The people who grow wheat in Western Canada are drawn from all the world. We have known the time when those who settled first in some district built up quite a series of complaints against those who came later. They were of another race or religion, or something of that sort; but Western Canada has an enormous capacity for picking those up who settle in the countryside, and turning them into a standard type. We have wondered how many of those who talk so learnedly of the racial problems of Canada could sit at a country elevator, watching the trucks and wagons haul in the wheat; and looking at the people who drive them, and sort them out into British or non-British, Canadians or immigrants, Protestants or Roman Catholics or members of the Greek Church. They look pretty well alike to most observers.

They are quite apt to think very much alike, as is to be expected of those in whose lives the growing and selling of a single product plays such a part. They themselves or their fathers, not more than two generations ago, came to Western Canada to farm—or farm the farmer, as the saying goes, without unkindness to that great body who are not active farmers themselves, but who live out of dealings with farmers. They came, because they had heard that Western Canada would give them a chance to make a living. They came because they were tired of being tenants of some land owner, and trying to farm on too small and barren holdings, of working in crowded cities, and, in many cases, because they were completely fed up with being pushed around by men richer than themselves, or by officious government employées.

They came, in general, to seek liberty—economic, social or political—and they made Western Canada, from the first, a community of free men, and as near an approach to democracy as the modern world has produced.

The new country gave them land, free of rent or heavy taxation. It gave them a rough, hard life. By degrees they made it a civilized community. Railways came in as fast as the settlers did. They were often built far ahead of anything that looked like real settlement. The other facilities of a civilized life were slower in being brought into being. It took a long time before the settler in Western Canada had roads, or access to a town or village where he could find even a minimum of services and conveniences.

The early settlement of Western Canada was a great boom, and it brought with it both the virtues and the vices of all boom times. It gave a great opportunity to men to establish enterprises which would make a good profit, by furnishing real services, and it gave an equal opportunity to those who would thrive by lucky gambling, or even dishonest exploitation. The virtues and vices, of course, as always, balanced each other, and, in the end, the early boom soon settled down into a period of great and real progress.

The politicians sprang up. In a democracy improvements and reforms are made by the fact that the community produces men who will demand them. Unfortunately, these very men in some cases, and a smaller and meaner type, in other cases, are only too apt to become agitators, engaged in stirring up discontent, in the hope that, in offering some quick solution for it, they will come to power.

The Railways

One of the first and pet objects of attack was the private railway company which opened the West. Looking back today on old arguments which have faded into the past, it is quite easy to be fair.

We can realize that the C.P.R. made Western Canada; that no area in the world has ever had as convenient and cheap a railway transportation system, or a public utility more compe-

tently operated. It is even possible now for us to look back at the bargain by which the government obtained the building of the railway, as eminently fair. The monopoly was for a short period. The land grant was of land that was worth nothing till the railway was built. The whole assistance given by the government was but a very small fraction of the total cost of one of the greatest ventures of private capitalists, in which investors might have lost hundreds of millions of dollars, to the discredit and damage of Western Canada.

That the railway could be attacked without injustice is not now denied by its best friends. It is no small task to build an enterprise of this sort in a hurry, and the people of Western Canada did not know the railway, in terms of policies which were weighed and adopted at a head office 2,000 miles away. To the settlers in Western Canada the C.P.R. meant the local management, the station agent and train crews. That there was a tendency to a dictatorial attitude is so natural that it is amazing to look back now and see how bitter it made public opinion on the Prairies, or how unwilling the railway company and its friends were to concede that mistakes were made and minor offences committed.

We know the result. Public opinion on the Prairies forced the government into backing great and even unwise ventures in providing competition for the C.P.R. These provided the West with a fantastic duplication of rail lines in some directions, as well as with a total network of useful railway mileage which has been fully adequate to develop the country.

Perhaps it was a wise thing to build a line to Prince Rupert, although it does not look as smart now as when we did it. Perhaps one day the line to Hudson's Bay will be available. Three transcontinental lines from Winnipeg East were too many, and we could have done with one line down the canyon to Vancouver.

However, the mistakes were made. In the end the bankrupt lines were gathered up, amalgamated with a bankrupt railway

in Ontario and Quebec, and an even more bankrupt, but strategically necessary government line to the Maritimes, and turned into the Canadian National.

The late Sir Edward Beatty found that nothing could be done to correct the situation thus produced, and it is now taken for granted that we shall, forever, have two railways in Western Canada. The great majority of Western Canadians feel that the railway situation, however many the mistakes which produced it, is now here to stay, and Mr. Coldwell won nothing but ridicule for his idea of having both railways owned by the government, and operated in competition with each other.

Many political reputations were made and lost out of the railway development of Western Canada, and much unnecessary bitterness embedded in our public life.

How to Sell Grain

Next, there came the question of how the grain of Western Canada should be marketed. It is as easy in this case, as in the railway case, to look back and see that most of the excitement was unnecessary, and that the early mistakes and extravagances of those who set out to make a living out of the handling of wheat for the Western farmers were not of lasting importance.

It is easy to stir up resentment in Western Canada over the fact that a comparatively small body of men have become wealthy out of handling Western grain, but the cold and simple fact is that if all the money ever made by private elevator owners and grain merchants were added together the total would represent so small a charge on the total value of grain which Western Canada has produced that with this figure before us we should realize that, whatever its faults, the private grain trade has rendered the farmers a great service.

As for speculation, perhaps the late Lord Stamp made one of his finest contributions to economics when he said that more

money had been lost in grain speculation than had ever been made, and that, in the end, the speculation of which we hear could only have ended in higher prices for the producers or lower costs for those who bought their grain.

There again public opinion forced the government to step in, and in this case the government interference meant the creation of a powerful agency to inspect and market grain, which has been so successful in its functions that it is possible to say it has contributed great benefits to the producers of Western Canada, at a negligible cost to the nation as a whole.

In short, with all the noise and ferment, all the bitterness and jealousies of early days, it was possible, as of 1914, when the world dissolved into a chaos of War, to say that Western Canada had been solidly built, on sound foundations.

The War itself brought a great and temporary prosperity to grain growing in Western Canada. This lasted so long into the uneasy peace which followed that, when the whole economic structure of grain growing crashed in 1929, the shock to the minds and souls of the people in Western Canada was tremendous in its effect.

For many years the discussion of wheat growing in Western Canada became a chaos of differing opinions. Ingenious theorists sharpened their pencils and made great reputations, by proving that the impossible was true, and that a world as underfed as this was producing a surplus of its staple food. Even today this theory continues to find its supporters, and, unfortunately, not least among them some of those who are the leaders of opinion among those who grow wheat.

The falsity of the theory was demonstrated as completely as possible in 1937, when despite all the blocks to international commerce, the existence of friction between nations which was soon to develop into War, the break-down of international exchange,

depression in every major nation of the world, we saw the remaining reserves of wheat in the world dwindle to a point of danger. One well known student of the economics of wheat growing and marketing deserves to be remembered for a statement at that moment. With few to agree with him at the time, he pointed out that, since world wheat reserves had vanished in 1937, we now had complete evidence that in the previous 5,000 years of wheat production the world had not succeeded in getting over-production.

On the other hand, the plain fact was that we had over-production of wheat in Western Canada. We could not sell all that we produced at prices which would give the wheat growers even a decent subsistence. The need of people in far lands for wheat meant nothing, if the wheat which they should be eating must pile up in Western Canada and in every seaport in the world, unsold, or if sold, disposed of at prices which meant ruin for those who grew the wheat.

Out of that great crisis we had an uprising of endless theories of what must be done to correct a situation which was intolerable.

Tariffs

The people of Western Canada have always been believers in free trade, which is entirely natural to a community which lives by producing goods to be sold to other nations. For a generation it was possible to win political power in the West by arguing that this country should take off all tariffs against imports.

The free trade theorists may well have been right, but they could not do anything much for the Western farmer. They could not get free trade. Too many cities, towns and villages in the rest of the country live by protection on their industry for any government to dare to take off the tariff on a big scale. As a matter of fact, even good free-traders are apt to doubt

whether a tariff which has been on for any length of time can be taken off completely, and overnight, without making things worse than they were.

Even the most ardent free-traders of Western Canada have not forgotten that the government took off the duty on butter in 1925, and that made the dairy business definitely unprofitable. It was only one of many things, and after the Liberal government had put the tariff back on, and after the Bennett government took office, the dairy business still remained hard up; but it is to be noted that even the free-traders did not suggest that the duty on butter be taken off again when the King government came back into power in 1935. The fact is that, if tariffs are to be taken off, it will have to be a slow process. If the tariff had been taken off butter at $\frac{1}{4}c$ per year, it would have been taken off completely by 1941, and the dairy industry would have adjusted itself to the situation, and might have been better off as a result. Certainly, there would have been no great crisis produced by such a plan.

However, as things are, the fact has to be faced that there will not be a sudden and general removal of all tariffs, and it is by no means certain that even this would solve the problems of wheat production and marketing abroad.

Rise of the Co-operatives

The next idea which gained real support among grain growers was that of co-operative sales of wheat, so that profits made by private dealers would no longer exist. The result was the creation of the Wheat Pools, and no one can ever challenge the right of the Western farmers to want co-operative trade, nor yet can any one point a finger of scorn at the Wheat Pools, which have been well managed and progressive institutions.

The Pool managements made a mistake in 1928 and 1929 and lost very heavily because of a rash speculation. There has

been much criticism of the action of the Dominion and Provincial governments in aiding them, but not from anyone who knows anything of Western public opinion.

After this experiment, the Pools, and other spokesmen for wheat growers, developed the world over-production theory. There has been much criticism of the wisdom of the wheat farmers of Western Canada in preaching that the world is flooded with the very thing which they produce. Certainly, whether we handle wheat in Western Canada by government board, by Wheat Pools, or by a private grain trade, or by a combination of all of them, the fact which remains is that the price will be settled by wheat buyers in other countries. For the people who speak for Western wheat farmers to be talking of over-production is to do something which cuts the price down, and it is to be hoped that we shall have no more of this.

Government Wheat Policies

Actually, at one time and another there have been held many meetings among countries to obtain a reduction in wheat acreage. Perhaps fortunately, this has not produced any real result. Certainly, if along about 1933 the international agreement to reduce wheat acreage had been enforced there would have been a shortage in 1937. Certainly, the present wheat outlook justifies the belief that the international conference to reduce wheat acreage in 1942 might have done damage if it had succeeded.

Meanwhile, various governments have been trying methods of dealing with the temporary surplus of wheat. The Bennett government tried to force other countries to pay a fair price for wheat, and lost. The King government tried a fire sale method of selling wheat as freely as possible, and certainly lost the confidence of Western farmers. During the war the King government changed its attitude and went into a programme of increasing the prices paid for Western wheat. When it reached \$1.25 per bushel in the open market, the government

closed the wheat pit at Winnipeg. This stopped the price of wheat from rising, although since then wheat in Chicago has risen much higher than this, in an open, speculative market.

Unfortunately, Western wheat grower opinion, still worrying about the depression of the thirties, and inclined to think that anything which puts the government more into business would be a good thing, has backed the idea of suspending open trading on the Winnipeg wheat market. This has almost certainly involved a heavy loss to the wheat growers. However, despite this, the price of wheat, as of other farm products, has been high enough to restore prosperity among the wheat growers.

The late war also stripped our Western farms of their youth. Many economists argue that the road of progress is to make farms larger, and increase mechanization. Obviously, there is a limit to what can be done in this direction without reducing the agricultural population to a point where, while it might have the producing power to meet the demands on it, it might be lacking in power to consume enough goods to maintain prosperity in those other classes and areas which depend on furnishing the farmer with goods and services.

Whatever else is said, there is something wrong with a community's increasing in age as fast as the farmers in Western Canada have in recent years. After all, when a population reaches a certain age, it dies. It remains to be seen whether a sufficient number of those who left the farms for war work or to serve in the armed services will return, so that the Prairies do not suffer a real and serious depopulation in the near future.

The Farmer and The National Income

Outside of this question, the present situation of the Western wheat grower is not a bad one. Admittedly he is not receiving a fair share of the national income, but every political party seems to realize this, and we have the present government trying to give subsidies of unstated amounts to agriculture, and

Mr. Bracken's plan to give them these subsidies, but on a scale which will mean that the farmers receive their fair share of the national income. Mr. Coldwell also has been heard from, with even more generous promises of a vague type.

If this country is to remain as an industrial country, with a standard of living higher than in any country except the United States, Australia and New Zealand, something will have to be done to enable the farmer to stay in the game. He cannot be expected to pay high prices for everything he consumes and still sell his products in the markets of the world, in competition with wheat producers of a much lower standard of living.

Fortunately public opinion in the rest of the country seems to understand this, and there is little objection to plans made to correct this situation by some method of compensation to the farmer.

Once we have admitted this basic theory, then it might seem reasonable for us to forget almost all the arguments which have been so hotly urged in the past. We can forget free trade, if the farmer is to be compensated for it. We can give the railways the freight rates necessary to maintain adequate services, if the farmer is not going to suffer. We can stop the growing bitterness between farmers and industrial workers over their respective jobs. We can sell wheat abroad, at prices which will enable the underfed masses of other nations to be fed, without this involving destruction for Western wheat growers. We can leave farmers free to sell their wheat through private grain companies or the Wheat Pools, as they see fit.

It is true that there is the danger that, in such a system, the production of wheat might expand unduly, and so that the resulting cost to the national treasury might be too heavy. That involves, inevitably, the right of the government to control the total acreage which may be grown, but it has to be remembered that this theory does not provide for compensation solely to

wheat growers. It assumes that this compensation will be given to all producers of foodstuffs. That means no special incentive to the sowing of wheat, but an encouragement to the expansion of all agriculture.

The consequence of such a scheme may well be, for a while, a subsidized export of food products from Canada, at a cost to the Canadian people, but is not this exactly what Canada can do best today to aid the reconstruction of a shattered world?

In the end, a great stimulus of agriculture in Canada will produce cheap food in Canada and more opportunities for employment and production in other lines of activity than can be obtained in any other way.

Given the basic principle that the farmers of Canada are welcome to obtain the highest price going for their products, and that they are protected against a disastrous fall in their share of the national income, we could look forward in Canada—above all in Western Canada—to such a period of expansion of agriculture and industry alike as would make the grand early days of the Western boom seem colourless.

Wheat is still king in Western Canada. No man would try to keep Western Canada a wheat producing area, or even an agricultural one, if this meant any check to the development of other industries and other types of life and activity; but the fact still remains that the golden flood of wheat from Western Canada has done more than any other factor in our economic history to make Canada a nation. The time has not come for us to talk of going out of wheat.